

NERA earlier this year, I served as Director of the Telecommunications Division at the Massachusetts Department of Public Utilities (MDPU) from 1992 to 1996, and before that I was on the staff of the MDPU. At the MDPU, I supervised investigations into rate-rebalancing, local competition and interconnection, competitive pricing, and price cap regulation, among others. Since joining NERA, I have worked on issues related to implementation of the Telecommunications Act of 1996, electric industry restructuring, telephone company mergers, and interconnection pricing.

II. PURPOSE OF AFFIDAVIT

3. The purpose of this affidavit is to describe how some of the Commission's recent rules on local competition and its suggested rules for regulatory safeguards as they both relate to joint marketing are inconsistent with the requirements and intent of the Telecommunications Act of 1996, and how implementation of the proposed rules would prevent consumers from receiving the full benefits of one-stop shopping for telecommunications services.

III. BACKGROUND

4. The ability to bundle and sell in one package a full panoply of telecommunications services is quickly becoming a crucial asset for companies who hope to succeed as telecommunications markets become more competitive and services more complex. For example, MCI recently has been heavily marketing service packages called "MCI One," with the motto "One company, one number, one box, one bill. It's that simple."¹ AT&T also has announced its own package of services called "AT&T.ALL."² Also, the importance of one-stop shopping is seen as a factor behind recent telecommunications mergers, such as those announced between British Telecom-

¹ MCI indicates in its advertising that "[o]nly MCI One offers you all of today's communications options - calling, cellular, paging, Internet, and e-mail - and wraps them together in one convenient package." <http://www.mci.com/mcione/indexabout.shtml> (November 5, 1996).

² "Following MCI's lead, AT&T launched a new service to provide business customers with a one-stop shop. The service, called AT&T.ALL, provides features such as one-stop customer care and consolidated billing to businesses subscribing to AT&T long distance and a wide array of AT&T services and calling plans." "AT&T Joins Full-Service Trend," *X-Change*, November 1996, page 29.

MCI and WorldCom-MFS.³ Consumers clearly are demanding one-stop shopping for communications services, and in order that consumers may benefit from the highest quality bundle of services at the lowest prices, all carriers must have the capability of packaging and marketing these services together.

5. The largest telecommunications carriers in this country until recently have been unable to offer packages of the full range of telecommunications services. Interexchange carriers (IXCs) generally have not been able to include local exchange service in their packages over a wide geographic area, and Bell operating companies (BOCs) are still restricted from offering in-region interLATA services. However, in the Telecommunications Act of 1996 (Act), Congress set forth the process and conditions that will enable BOCs and BOC affiliates, interexchange companies, and others, to market a full array of services. Under the terms of the Act, IXCs and competitive local exchange carriers will be able to offer local exchange services by using their own facilities, reselling the incumbent local exchange carriers' (ILECs') services, or combining their own facilities with the incumbent's unbundled network elements. And BOC affiliates will be allowed to offer interLATA service after the BOC meets stringent requirements in the Act related to local interconnection and regulatory safeguards, including a requirement that a separate affiliate provide interLATA service for at least three years.

6. The Act expressly provides that a BOC and its interLATA affiliate may jointly market local and interLATA services in two different ways. First, the interLATA affiliate may jointly

³ "The big fight for long-distance customers in the U.S. has largely given way to a battle by carriers over which will be the first to offer a bundle of local, long-distance, wireless and Internet services all on the same bill." John J. Keller "BT-MCI Merger Reshapes Telecom Industry," Wall Street Journal, November 5, 1996, page B1.

"This [merger] will make the new firm, MFS WorldCom, the first American telephone company since AT&T's breakup in 1984 to offer customers every sort of telephony: local, long-distance and (since this is 1996) Internet access. One-stop shops are said to represent the future of the telecoms business." "Two Davids Join," The Economist, Vol. 340, No. 7981, August 31, 1996.

market the BOC's local exchange services, as long as other carriers also may market⁴ and sell the BOC's local exchange services. Second, the BOC may jointly market the interLATA affiliate's services when that affiliate is authorized to offer such services. In addition, the Act provides certain affiliate transaction rules that presumably would apply to the BOC's joint marketing arrangements with its affiliate.

7. All other telecommunications carriers also are allowed to provide one-stop shopping, but large IXCs (i.e., those who serve greater than five percent of the presubscribed access lines in the country), in areas served by BOCs, are restricted from jointly marketing their own long-distance service in combination with a BOC's local exchange service purchased by the IXC from the BOC for resale under section 251(c)(4) of the Act. This restriction lasts only until the BOC also has the capability, through interLATA entry, to offer customers a joint service package, or until 36 months after the passage of the Telecommunications Act, whichever is earlier. It is important to note that the Act's joint marketing constraint on large IXCs is itself far from a prohibition. IXCs may, at any time, jointly market their interLATA service with local services provided wholly over their own facilities or provided through a combination of facilities and the BOC's unbundled network elements. Therefore, Congress's effort with this constraint on large IXCs to level the playing field still tilts the field away from the BOCs.

IV. ANALYSIS

8. The FCC has recently issued, *inter alia*, final rules concerning the availability of unbundled network elements, and has suggested affiliate transaction rules as they relate to BOC joint marketing. In our opinion, implementation of these rules in a one-stop shopping environment would further tilt the playing field away from the BOCs and undermine the procompetitive intentions of the Act. First, the Act's joint marketing resale restriction for the large IXCs would be rendered meaningless by the FCC's conclusion that carriers who do not supply their own local exchange services can purchase unbundled network elements and combine these elements

⁴ Marketing should be interpreted to include post-sale activities, such as single point-of-contact and a single bill.

into a local exchange service offering. Second, in terms of affiliate transaction rules, the FCC suggested—and some BOC competitors not surprisingly recommended—that the BOC and its affiliate should be required to jointly contract to an “outside marketing entity” for joint marketing of interLATA and local exchange service, which would impose an expensive and unnecessary burden on the BOCs’ joint marketing activities.

A. Joint Marketing Restriction for Large IXC

9. The Act provides different requirements and pricing standards for unbundled network elements and resale of existing retail services.⁵ As noted above, however, the joint marketing restriction on large IXCs applies only to the resale of the BOC’s local services pursuant to section 251(c)(4) of the Act. Because even the largest IXCs are not expected to deploy their own local exchange facilities over a widespread area prior to BOC interLATA entry, the application of the large IXCs joint marketing restriction only to resale of BOC local services indicates a Congressional desire to prevent the BOCs from being put at an immediate competitive disadvantage, relative to their biggest competitors, during the period before the BOCs are allowed into the interLATA market.

B. Affiliate Transaction Rules for BOC Joint Marketing

10. Because the Act prohibits BOCs and their affiliates from having common employees, the Commission suggests that it may require the BOC and its affiliate to jointly contract with an “outside marketing entity” for joint marketing of interLATA and local exchange service. We believe that this conclusion is not necessary to fulfill the Act’s requirements and that it would in fact be harmful to consumers because it would impose an expensive burden upon the BOCs for no apparent reason and with no corresponding benefit to anyone but the BOCs’ competitors.

11. The Act requires that a BOC and its affiliate have separate employees. The Act does not prohibit the sharing of services and functions between affiliates, and marketing clearly is a

⁵ See sections 251(c)(3)–(4) and 252(d)(1) and (3).

service. And from an economic perspective, this is the type of sharing of functions to preserve economies of scope for which the separate affiliate structure was designed. Joint marketing transactions between a BOC and its affiliate must satisfy the Act's requirement that all such transactions be conducted at "arm's length," which simply means that marketing services provided by the BOC to its affiliate, and vice versa, must at least cover costs, with any such transactions reduced to writing and available for public inspection. Any other restrictions on BOC joint marketing would be both superfluous and harmful.

12. The suggestion that a BOC and its affiliate be required to use a third-party marketing entity for joint marketing appears to rest on the assumption that if a BOC markets its own services and the services of its affiliate together, the BOC's marketing employees somehow become "shared" between the BOC and the affiliate. Under this logic, however, even the joint contracting of an outside marketing entity would be prohibited because those employees doing the contracting would then be shared between the contracting parties. Clearly the Act's requirement for separate employees does not prohibit BOCs and their affiliates from providing Congressionally-authorized services to each other. We believe that the Commission should allow BOCs and their affiliates to market each other's services, subject only to the Act's "arm's length" requirement for such a transaction.

13. It may be argued that requiring the use of a third-party marketing entity for joint marketing is a harmless competitive safeguard, but this is certainly not the case. First of all, such a requirement is superfluous as a competitive safeguard, since the Commission's existing affiliate transaction rules, coupled with the straightforward requirements in the Act, are sufficient to prevent anticompetitive abuses. Second, if it is more efficient for a BOC and its affiliate to use a third party for joint marketing they will do so absent the Commission's requirement. If not, they should be free to take advantage of whatever efficiencies they derive from using their in-house marketing organization. Customers demand one-stop shopping for communications services, and they will benefit from the lowest possible prices for their packages of services only if companies are allowed to account for the unique efficiencies that each brings to the

market. Unnecessarily raising the costs of a major supplier, such as the BOCs, by requiring them to use a third party to provide a service when it is more efficient for them to provide the service in-house ultimately will raise prices paid by consumers, contrary to the goals of the Act.

V. SUMMARY

14. One-stop shopping for communications services clearly is the prevailing strategy, as evidenced by recent developments in the telecommunications industry, and the Telecommunications Act of 1996 sets the stage for all carriers to be able eventually to offer a full range of telecommunications services. In implementing the requirements of the Act, the Commission should ensure that the BOCs are allowed to market and sell the type of bundled service packages that MCI and AT&T are currently offering.

15. The Act places some restrictions on BOCs and large IXCs in the transition period, in order to ensure that one group of competitors does not have an immediate competitive advantage over another. The restrictions in the Act alone make it somewhat easier for large IXCs to jointly market interLATA and local services, but the Commission's recent suggested and actual rules tilt the playing field even farther away from the BOCs than was intended by Congress. In order to make certain that customers receive the highest quality bundle of services at the lowest possible prices, the Commission should ensure that the Act's intended symmetry in terms of large IXCs and BOCs offering one-stop shopping in competition with each other is given the effect that Congress intended, and the Commission should not supplement the Act's provision related to BOC joint marketing transactions with additional, unnecessary, and potentially costly rules and requirements. To do otherwise certainly would be harmful to the BOCs, but, more importantly, it would hinder the competitive process in delivering the Act's intended goal of lower priced services offered in the manner that customers desire.

SBC'S SUCCESS IN OPENING ITS LOCAL MARKETS: SIGNIFICANT LOCAL COMPETITION EXISTS AND IS GROWING

February 1998 Report

SBC (Southwestern Bell Telephone, Pacific Bell and Nevada Bell) has dedicated significant resources and investment to open its markets to local competition and to comply with all requirements contained in the 1996 Telecommunications Act. As described in detail below, SBC has made available products, services and systems required by Section 251 and the competitive checklist of the 1996 Act, and competitive local exchange carriers ("CLECs") have ordered and are actually using these checklist services and products to provide local service in all seven SBC states. As a result of SBC's compliance efforts, CLECs now have everything they need to compete against SBC and can use resale, interconnection or unbundled network elements to compete for and take SBC customers.

SBC's Capital and Expense Investments To Open Its Markets

- Since the passage of the 1996 Act on February 6, 1996; SBC has devoted significant financial, technical and personnel resources to implement the market- and network-opening requirements of Sections 251 and 252 of the Act. SBC has spent approximately \$1 billion implementing the Act and opening its local markets to competition— including but not limited to equipment, computer hardware and software and manpower. By the end of 1998, SBC estimates that it will have spent a total of \$1.5 billion making certain it meets the requirements of the Act.
- Of the \$1 billion SBC has spent opening its local markets since the 1996 Act was passed, approximately \$400 million alone has been devoted to implementation of long-term number portability. Approximately \$600 million has also been spent on expense and capital costs incurred to make extensive changes and modifications to SBC's trunking networks in order to accommodate present and anticipated future CLEC traffic flows (e.g., tandem trunking, facility interconnection, customized routing, AccesSS7, originating line number screening, unbundled network elements etc.) SBC has also devoted significant resources to develop and implement various forms of access to SBC's operations support systems ("OSS") to provide CLECs with access to SBC's pre-ordering, ordering, provisioning, repair & maintenance and billing systems. Finally, SBC has established and staffed four Local Service Centers to act as a single point of CLEC contact for the ordering and provisioning of interconnection facilities, resold services and unbundled elements.

Number of Employees

- More than 3,400 employees or contract staff in SWBT, Pacific Bell and Nevada Bell have been dedicated to implementing the market-opening requirements contained in the 1996 Act, including staffing SBC's four local service centers in Anaheim, Dallas, Fort Worth and San Francisco which handle and process CLEC orders.

Interconnection Agreements

- Signed Agreements: SBC and CLECs have signed 264 interconnection and resale agreements within SBC's seven-state service area.
- PUC Approved Agreements: The various state commissions have approved more than 210 SBC-CLEC interconnection and resale agreements. These approved agreements give the CLECs everything they say they need to provide local services and compete against SBC. There are a large number of approved agreements in each of SBC's states: Texas: 87; California: 27; Kansas: 24; Arkansas: 20; Oklahoma: 18; Missouri: 22 and Nevada: 13 approved agreements.
- Current Negotiations: SBC currently is in the process of negotiating more than 350 additional interconnection and resale agreements.

CLECs Competing Against SBC

- As of the end of January 1998 more than 160 CLECs were operational in SBC's territory and passing resale, interconnection or UNE orders to SBC. Over 80 CLECs were passing orders in Texas alone.

SBC Access Lines Lost to CLECs

- Through the end of January 1998, approximately 600,000 access lines have been lost to CLECs through resale or through the establishment of new facilities-based service by CLECs in SBC's seven-state service area. Approximately 550,000 SBC lines have been resold by CLECs and more than 47,000 additional existing lines are being served on a facilities-basis by CLECs in SBC's territory. The approximate breakdown of SBC resold lines lost to CLECs by state is as follows:

	<u>Total</u>	<u>Residential</u>	<u>Business</u>	<u>Priv. Coin</u>
a) California:	259,000	147,000	105,000	6,700
b) Texas:	227,000	176,000	40,000	11,000
c) Kansas:	32,500	15,000	17,000	0
d) Oklahoma:	10,800	8,800	1,900	9
e) Arkansas:	9,700	8,400	1,200	0
f) Missouri	6,000	1,500	4,500	0
g) Nevada	3,200	680	2,500	0
SBC 7 STATES:	549,000	359,000	172,000	18,100

- Resale activity is significant and had been escalating dramatically in SBC's territory. In the 24 months since the Act passed, SBC has lost approximately 550,000 lines to resale competition alone. More than 250,000 resale lines were lost in the last 5 months alone (from September through January)-with CLECs capturing an average of 50,000 resold lines from SBC in each of those months. Hence, CLECs have captured more than 45 percent of their total resold lines from SBC since September 1997. Resale activity (approximately 34,000 lines lost) was lower in January, 1998, but this situation was primarily the result of decisions by AT&T and MCI to de-emphasize their residential resale activities. Nevertheless, even if the major IXCs chose for their own internal business reasons not to take advantage of the residential resale option made available to them by SBC, there can be no dispute that SBC has met its obligations under the Act to make resale available to competitors. The figures listed above demonstrate that SBC has made available to CLECs all the systems and services they need to compete on a resale basis in each of SBC's states.

Interim Number Portability—One Indicator of Facilities-Based Competition

- More than 47,300 existing numbers have been ported via interim number portability by SBC for CLEC use in its seven states. Each of the numbers ported represents conversion of an existing line from SBC to a facilities-based CLEC provider. Hence, in addition to the 550,000 access lines that have been lost to CLECs through resale, at least 47,300 additional existing lines have been lost by SBC to facilities-based carriers. It should be noted, however, that lines do not have to be ported when CLECs serve new lines/customers on a facilities-basis and that SBC has no precise method for determining exactly how many additional lines or customers are being served by facilities-based providers in its seven states.

CLEC Orders Handled by SBC's OSS and Local Service Centers

- Since the 1996 Act passed, SBC's OSS and Local Service Center personnel have handled more than 1.44 million service orders from CLECs to order resold or second lines for their customers, change or add vertical services etc. Over 875,000 orders from CLECs have been processed in the SWBT five-state region and more than 560,000 orders in California/Nevada. The fact that SWBT processed more than 730,000 orders in 1997, and an additional 107,000 orders in January 1998 alone, without a backlog is strong evidence that SWBT has developed state-of-the-art OSS and that these systems are being used by CLECs to compete in the local market against SWBT.
- SBC also demonstrated in Texas that its OSS (which is the same system used in all five SWBT states) can handle large increases in volumes from CLECs. Over 760,000 CLEC service orders in Texas have been processed, with almost 90,000 orders processed in January 1998. SWBT's OSS and LSC have handled the increased volume of resold access lines and service orders without experiencing a backlog.

FACILITIES-BASED COMPETITION STATUS:

The following facts and figures demonstrate that SBC has opened its local markets to competition and that SBC is providing CLECs with the facilities they request from SBC in order to compete on a facilities-basis in the local exchange market.

Facilities-Based Competition Activity

- As described above, more than 47,000 existing lines have been ported via interim number portability by facilities-based competitors. This is one indicator of facilities-based competition that has occurred in SBC's seven states, but it underestimates the actual amount of facilities-based competition that has occurred. To illustrate, 37 existing residential lines have been ported in Texas, but CLECs have requested E-911 service for more than 2,250 residential customers in Texas from their own NXX Codes which were assigned to them to provide facilities-based service.
- CLECs currently are providing facilities-based local service to business customers in all seven SBC states.
- SBC is making available to CLECs through PUC-approved interconnection agreements and its new and modified systems and networks, all products, services and systems that CLECs need to provide facilities-based or UNE-based local service to residential and business customers.

UNEs. Interconnection and Other Facilities-Based Products Provided By SBC to CLECs

- SBC has provisioned approximately 200,000 one-and two-way interconnection trunks to CLECs in SBC's seven-state service area. These trunks allow CLECs to connect their networks and customers to SWBT's network. 120,000 of these trunks were provisioned in California and 75,000 interconnection trunks were provided to CLECs in the SWBT five-state region.
- More than 36,000 unbundled loops have been provisioned by SBC to CLECs in SBC's seven states. More than 330 unbundled switch ports have been requested by and provided to CLECs by SBC.
- CLECs have requested and SBC has provisioned 457 operational E-911 trunks to CLECs in SBC's seven-state service area. Of this number, 356 are located in California and about 100 are in SWBT states.
- More than 530 Directory/Operator Assistance trunks have been provisioned by SWBT to CLECs in the five SWBT states.

CLEC Collocation Arrangements

- More than 320 physical collocation arrangements are operational in SBC's seven-state service area -- 53 of these are in SWBT's region, with 271 in California/Nevada.

- More than 190 physical collocation arrangements (86 in SWBT and 107 in California/Nevada) are currently being worked on and pending completion.
- More than 50 virtual collocation arrangements are operational in SWBT's five-state territory, with an additional 7 pending completion.

Reciprocal Compensation – Another Indicator That SBC's Networks Are Open

- A substantial amount of traffic has been exchanged between SBC and CLECs, with most of that traffic (and the corresponding reciprocal compensation) going from SBC to the CLECs. For example, more than **3.1 billion** minutes of local traffic (excluding Internet traffic) has been exchanged between SWBT/Pacific Bell/Nevada Bell and CLECs over interconnection trunks. Almost 90% of this local traffic has terminated on SBC facilities. In addition, the fact that over **3.2 billion** minutes of Internet traffic has been exchanged between SBC and CLEC networks also demonstrates that SBC's networks have been opened to competition. These figures confirm that SBC's networks are open to and connect with CLEC networks.

Telephone Numbers Requested By and Assigned to CLECs

- More than 1,657 NXX codes (each code representing 10,000 numbers) have been assigned to CLECs in SBC's seven-state service area, with an additional 138 assignments pending. In other words, CLECs have requested and SBC has assigned 16.6 million telephone numbers to CLECs in its seven states; more than 8.3 million numbers have been requested by CLECs in California and an additional 8.2 million numbers have been requested in SWBT's five states.

Access to SBC White Page Directories

- CLEC information can be included in all White Page directories in SBC's seven state service areas. SBC has provided more than 406,000 white pages listings for CLEC customers.

Access to SBC Poles and Conduits

- SBC has provided competitors with access to more than 1.1 million of its poles and approximately 7.4 million feet of conduit space for their use to compete against SBC in its seven states.

Conclusion

- The resale, interconnection, facilities-based and OSS-related numbers listed above, provide strong and compelling evidence that SBC has opened each of its seven states to resale, facilities-based and UNE competition and that SBC provides CLECs with all the systems and services they need to capture SBC's local customers.
- A neutral examination of the record unequivocally confirms that SBC has complied with the 1996 Act and has opened its local markets to competition.

SBC's Section 251 / Checklist Provisioning Status

☒ End of Month Report
☐ Mid-Month Update
☐ Data through: 1/98 (unless otherwise noted)
☒ Shaded data through 12/97 (unless otherwise noted)
 Green, italicized, bolded data is corrected from previous edition.

Report Date: 2/18/98

#	CHECKLIST DESCRIPTION	PRODUCTS PROVIDED	AR	KS	MO	OK	TX	SWBT's 5 States	CA	NV	SBC TOTAL
1	Interconnection for the transmission and routing of telephone exchange service and exchange access at any technically feasible point within the carrier's network. (SWBT trunk data in Items 1 & 7 already a/o end of 1/98 on last report. Change due to correction.)	Total Trunks Trunks Provided to CLECs One Way Trunks (SBC to CLEC) One Way Trunks (CLEC to SBC) Two Way Trunks Physical Collocation Operational Cages Pending Cages Virtual Collocation Operational Arrangements Pending Arrangements Number of Collocated Wire Centers (Note 1)	3,690 2,310 540 840 6 1 2 0 3	1,920 1,008 348 564 3 4 5 1 4	5,860 3,721 1,431 708 6 9 8 0 7	7,818 6,081 1,185 552 14 4 3 2 11	66,838 34,369 11,180 10,079 24 68 35 4 26	74,828 47,489 14,894 12,743 53 86 53 7 51	119,817 13,800 1,560 104,457 268 106 Data Not Available 88	1,237 0 0 1,237 3 1 Data Not Available 3	195,980 61,289 16,254 118,437 324 193 142
2	Nondiscriminatory access to network elements (In addition, See Items 3-6 below)	Number of CLECs passing orders Total orders processed (2/8/96 - 1/31/98) * Manual Electronic Total orders processed in 1997 * Manual Electronic Total orders processed in January 1998 * Manual Electronic	9 24,760 24,760 0 19,035 19,035 0 5,725 5,725 0	10 48,729 34,093 14,636 41,476 28,972 12,504 7,253 5,121 2,132	15 8,318 8,199 119 6,396 6,309 87 1,918 1,886 32	11 29,166 28,151 3,015 22,832 20,408 2,424 6,330 5,739 591	85 768,736 601,147 167,589 641,098 495,077 146,021 86,034 64,466 21,568	130 879,709 694,350 185,359 730,837 569,801 161,036 107,260 82,937 24,323	880,624 100% in 1996 0% in 1996 481,327 - 80% - 20% 40,572 - 80% - 20%	3,511 3,511 0 3,511 3,511 0 2,202 2,202 0	161 1,443,744 1,225,676 150,034 1,184,784 7,448,293
3	Nondiscriminatory access to poles, ducts, conduits and rights of way.	Total Number of Poles Attached (Note 2) Total Feet of Duct Occupied (Note 2)	112 71,996	22 6,149	415 61,600	186 34,781	2,080 113,977	2,815 288,483	1,211 1,211	1,505 1,505	1,184,784 7,448,293
4	Local loop transmission from the central office to the customer's premises, unbundled from local switching or other services.	Unbundled Loops	95	115	355	199	260	1,024	30,557	5,246	36,827
5	Local transport from the trunk side of a wireline local exchange carrier switch unbundled from switching or other services.	Unbundled Transport Dedicated Transport Available? Shared Transport Available?	Yes Yes	Yes Yes	Yes Yes	Yes Yes	Yes Yes	Yes Yes	Yes Yes	Yes Yes	Yes Yes
6	Local switching unbundled from transport, local loop transmission or other services.	Unbundled Switch Ports	0	0	0	0	242	242	89	0	331
7	Nondiscriminatory access to 911 and E911, directory assistance, and operator call completion services.	E911 Trunks (not included in Item 1 Total) DA/OA Trunks (not included in Item 1 Total) CLECs using Directory Assistance Service (Note 3) CLECs using "0" Call Completion Service (Note 3) Are CLECs offered E-911 service directly to government bodies or interconnecting with SBC's existing service arrangements?	12 58 9 9 Yes	16 0 10 10 Yes	8 66 13 11 Yes	18 64 11 11 Yes	45 328 87 85 Yes	99 518 99 97 Yes	356 0 Data Not Available Data Not Available Yes	2 18 Data Not Available Data Not Available Yes	457 534 Yes
8	White pages directory listing for customers of other carrier's telephone exchange service.	Number of CLEC End User White Pages Listings (SWBT a/o mid 2/98) Resale Facilities Based Total	9,109 892 9,801	21,637 372 22,009	3,479 571 4,050	10,052 905 10,857	143,632 1,579 145,211	187,909 4,119 182,028	205,703 8,995 212,698	1,142 547 1,689	394,754 11,681 406,415
9	Nondiscriminatory access to telephone numbers for assignment to the other carrier's telephone exchange service customers. (Note 4)	Telephone Numbers Provided to CLECs Numbers Assigned Numbers Pending Assignment	120,000 0	50,000 10,000	880,000 0	330,000 0	7,040,000 20,000	8,22M 30,000	7,000 7,000	30,000 0	16,57M 1,38M

SBC's Section 251 / Checklist Provisioning Status

- ☒ End of Month Report
☐ Mid-Month Update
☐ Data through: 1/98 (unless otherwise noted)
☒ Shaded data through 12/97 (unless otherwise noted)

Report Date: 2/18/98

Green, Italicized, Bolded data is corrected from previous edition.

#	CHECKLIST DESCRIPTION	PRODUCTS PROVIDED	AR	KS	MO	OK	TX	SWBT's 5 States	CA	NV	SBC TOTAL
10	Nondiscriminatory access to databases and associated signaling necessary for call routing and completion	Access to 800, Line Information Database (LIDB), Calling Name Delivery Database (CNAM), and SS7 Signaling Network Available?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
11	Interim number portability through RCF or DID trunks. Each line ported represents conversion from SBC to a facilities based provider.	Lines Converted via INP - Residential Lines - Business Lines - Total	0 455 455	0 274 274	0 367 367	0 5,626 5,626	37 10,102 10,139	37 16,824 16,861	0 22,758 22,758	0 7,745 7,745	37 47,327 47,364
12	Nondiscriminatory access to services and information required to allow implementation of dialing parity.	Are additional access codes or digits needed to complete local calls to or from CLEC customers? IntraLATA toll dialing parity available concurrent with SBC's provision of interexchange service?	No Yes	No Yes	No Yes	No Yes	No Yes	No Yes	No Yes	No Yes	No Yes
13	Reciprocal compensation arrangements. (Note 5)	Minutes of Use Exchanged Over Interconnection Trunks in 1997 (In Millions) From SBC to CLEC From CLEC to SBC Total Minutes of Use Exchanged Over Interconnection Trunks in January 1998 From SBC to CLEC From CLEC to SBC Total	27.7 6.6 34.3	0.0 0.0 0.0	13.2 0.0 13.2	83.8 4.0 87.8	118.6 49.1 167.7	243.4 69.7 303.1	2,549.4 284.8 2,834.0	0.1 0.0 0.1	2,792.9 344.3 3,137.2
			Not Available	0	5,470,872	9,649,573	36,334,061	51,454,506	Not Available	82,230	51,536,736
			0	0	0	2,665,790	47,531,136	50,198,934	52,314,372	0	102,511,306
			0	0	5,470,872	12,315,371	83,865,197	101,651,440	52,314,372	82,230	154,048,042
14	Offering for resale at wholesale prices any telecommunications services offered at retail to subscribers who are not themselves carriers.	Resold Access Lines - Business Lines - Private Coin Lines - Residential Lines - Total	1,266 0 8,467 9,733	17,208 0 15,315 32,523	4,535 0 1,556 6,091	1,936 9 8,868 10,813	39,838 11,384 178,251 227,474	64,784 11,393 210,457 286,634	104,782 6,746 147,487 259,015	2,580 0 684 3,264	172,146 18,139 358,628 548,913

Note 1: CA collocated wired centers total reflects physical arrangements only.

Note 2: CA and NV data updated quarterly.

Note 3: SWBT total counts each CLEC once, although it may appear in multiple states.

Note 4: Each NXX Code equals 10,000 telephone numbers.

Note 5: Totals do not include disputed Internet minutes of use. However, the fact that over 3, 243M and 207M minutes of Internet traffic have been exchanged between SBC and CLEC networks in 1997 and 1998 respectively also demonstrates that SBC's networks have been opened to competition. 1997 totals include Local, Optional EAS, and IntraLATA toll MOU. 1998 numbers include only Local and Optional EAS traffic.

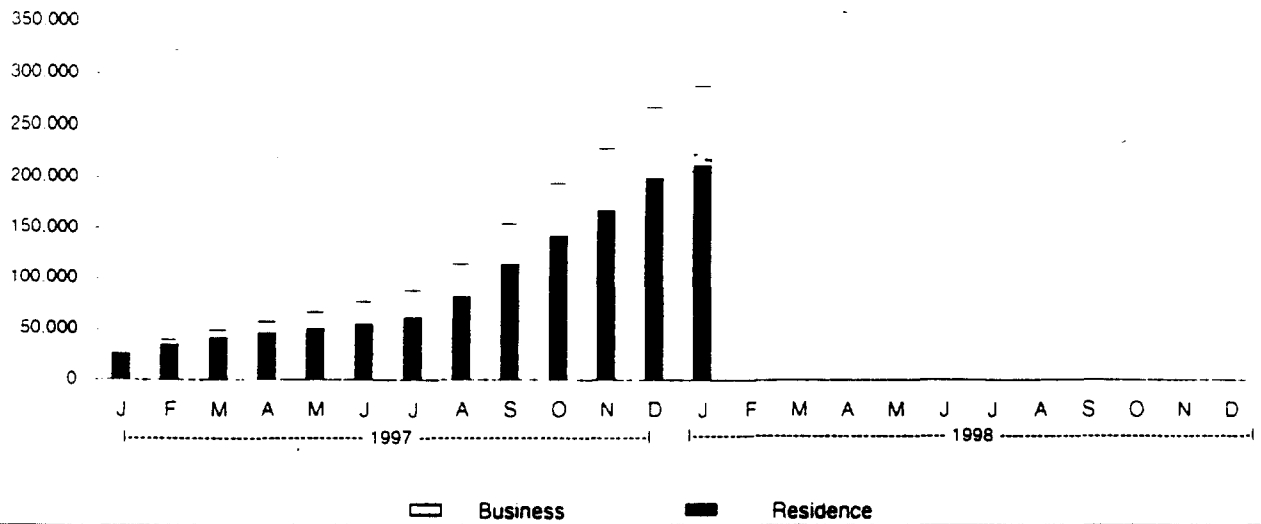
* CA Order Volumes include Resale activity only. All others include Resale and Facilities Based orders.

** KS does have OADA trunks. In process of splitting those OADA trunks terminating and counted in KC, MO that serve both KS and MO.

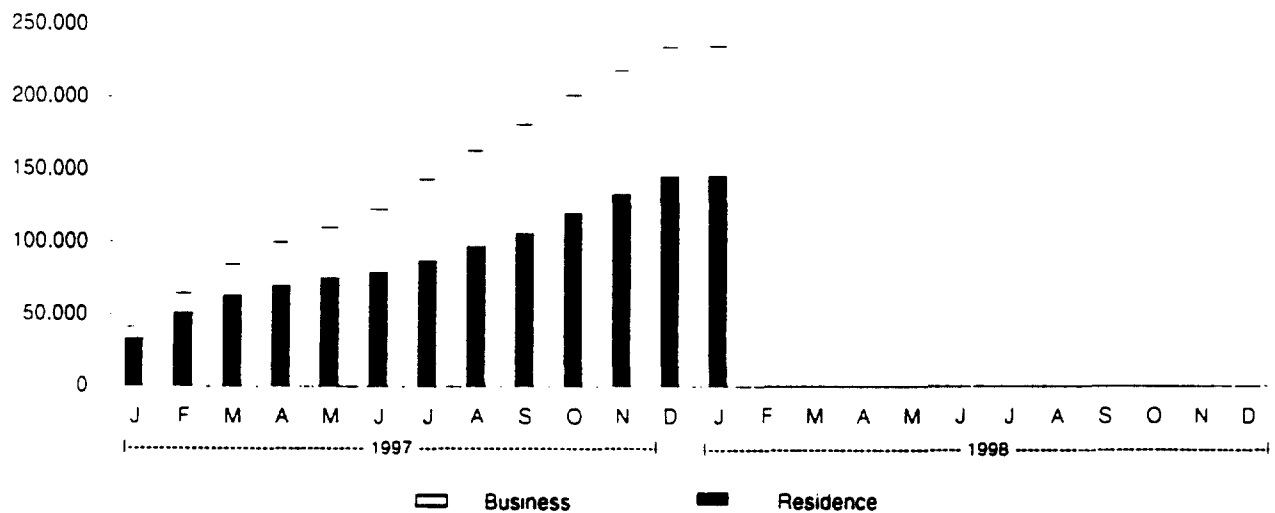
CLEC Certifications		AR	KS	MO	OK	TX	SWBT's 5 States	CA	NV	SBC TOTAL
	Number Approved	18	43	38	31	149	275	111	34	420
	Number Pending	25	12	13	15	21	86	28	11	125
CLEC Interconnection Agreements (as of 2/18/98)										
	Number Signed	25	32	32	33	101	223	29	12	264
	Number Approved	20	24	22	18	87	171	27	13	211
	Number of Arbitrations Completed	1	3	3	1	11	19	4	0	23
	Number of Arbitrations In Progress	0	1	0	0	1	2	0	1	3
	Number Under Negotiation	45	42	48	45	119	299	36	21	356

SBC Resold Lines - Cumulative Resale Lines Lost to CLECs

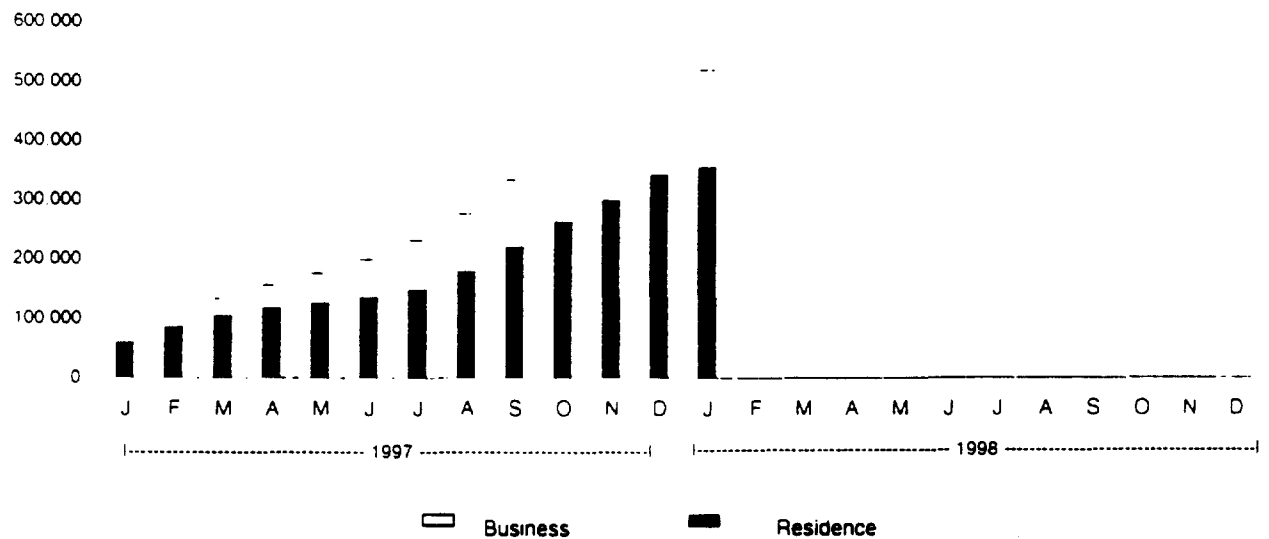
Southwestern Bell Telephone



Pacific Bell

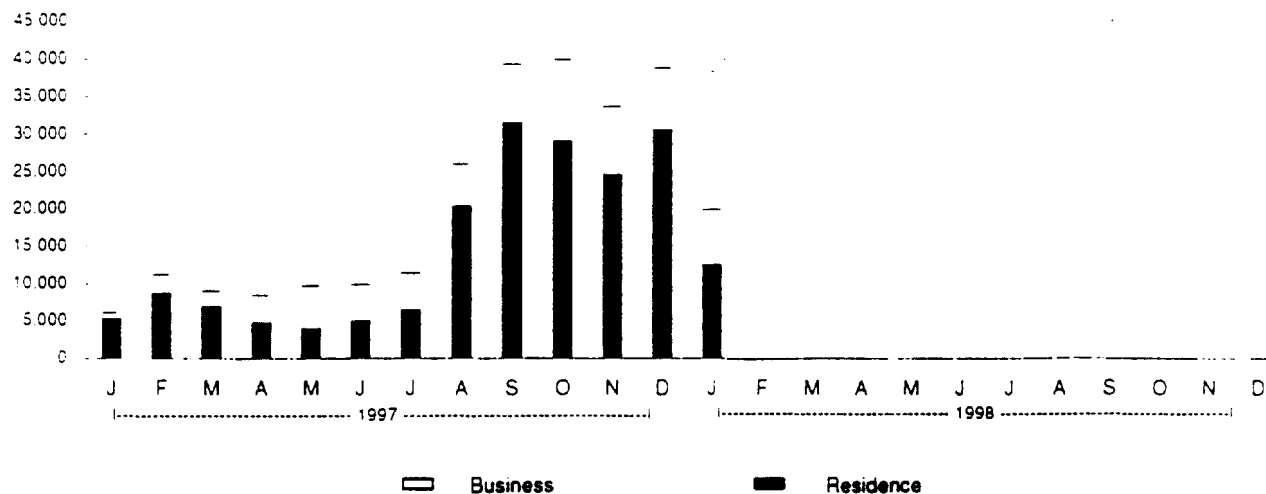


SBC Consolidated

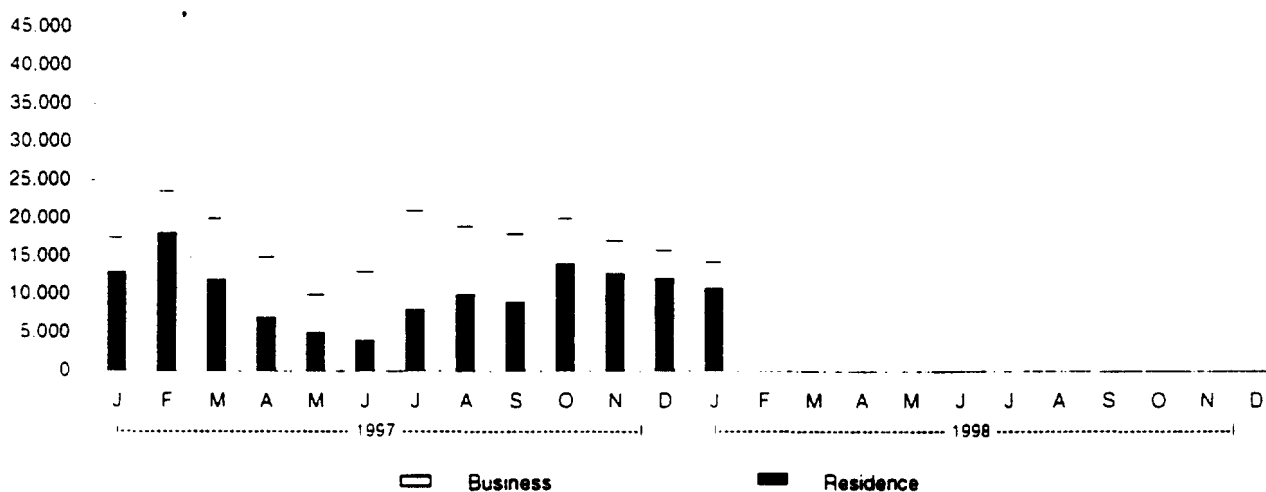


SBC Resold Lines - Monthly Resale Lines Lost to CLECs

Southwestern Bell Telephone



Pacific Bell



SBC Consolidated

